

ILLINOIS POWER COMPANY

DOCKET NOS. 00-0259, 00-0395, 00-0461 (CONS.)

PREPARED REBUTTAL TESTIMONY OF

JACQUELINE K. VOILES

SEPTEMBER 12, 2000

I. WITNESS INTRODUCTION

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COMMERCE COMMISSION

1. Q. Please state your name, business address and present position.

A. Jacqueline K. Voiles, 500 South 27th Street, Decatur, Illinois 62521. I am the Manager of Delivery Services in the Business Development Services Department of Illinois Power Company ("Illinois Power", "IP" or "Company").

2. Q. Have you previously submitted testimony and exhibits in this proceeding?

A. Yes, on July 7, 2000, I submitted prepared direct testimony and exhibits in Docket 00-0461.

3. Q. What additional evidence are you presenting at this time?

A. I am presenting rebuttal testimony identified as IP Exhibit 3.6.

II. PURPOSE OF TESTIMONY

4. Q. What is the purpose of your testimony?

A. I am responding to the testimony filed August 29, 2000 by Richard Zuraski on behalf of the Staff of the Illinois Commerce Commission ("Staff"), Robert Stephens on behalf of the Illinois Industrial Energy Consumers ("IIEC"), Koby Bailey on behalf of Nicor Energy, L.L.C. ("Nicor"), Michael P. Kagan on behalf of NewEnergy Midwest, L.L.C. ("NewEnergy"), David Braun on behalf of Unicom Energy, Inc.

23 (“Unicom”), and Heidi M. Munson on behalf of Central Illinois Light Company
24 (“CILCO”). The portions of the testimony of these witnesses to which I am
25 responding deal with Illinois Power’s Transition Charges (“TC”), Power Purchase
26 Option Service (“PPO”), and the timing and implementation processes.

27 **III. MODIFIED PJM ADJUSTMENT METHODOLOGY (RESPONSE TO**
28 **STAFF WITNESS ZURASKI AND NEWENERGY WITNESS KAGAN) AND PPO**
29 **TARIFF SIMPLIFICATION (RESPONSE TO STAFF WITNESS ZURASKI)**

30 5. Q. Do you agree with Mr. Zuraski’s and Mr. Kagan’s recommendation that IP should
31 change its methodology for applying the PJM adjustment to not only the on-peak
32 prices but also the off-peak prices?

33 A. The recommendation to change the methodology for applying the PJM adjustment
34 to both the on-peak and off-peak values for Illinois Power is not acceptable for
35 Illinois Power’s situation. Illinois Power uses the PJM shaped prices to not only
36 calculate customer TC amounts but also to calculate customer bills under Rider PPO.
37 This is not the same situation for ComEd and Ameren CIPS.

38 6. Q. What is the importance of matching the market values used in calculating customer
39 TC’s and PPO bills?

40 A. Illinois Power calculates customer specific transition charges for customers with
41 demands of 100 kW or greater. For these customers, using the same market values
42 when calculating their TC and their PPO bills insures that the savings a customer
43 expects are realized. Also, this methodology is in compliance with Section 16-110(b)
44 of the Electric Service Customer Choice and Rate Relief Law of 1997 which states,

45 in essence, that the market values used for PPO bills are the values the electric utility
46 uses to calculate the customer's transition charges.

47 7. Q. If Illinois Power were to adopt the PJM adjustment for the on-peak and off-peak
48 values and thereby have 8760 values to calculate customer TC's and PPO bills, what
49 issues become evident?

50 A. From a customer perspective, using 8,760 hourly market values would create a
51 monthly PPO bill containing approximately 730 hours of market values multiplied
52 by the applicable hourly usage. The increased complexity of PPO bills would not
53 warrant the additional perceived value. The volatility of off-peak prices is not
54 substantial, as referenced by Messrs. Jones and Peters, as compared to the on-peak
55 prices which require, rightfully so, the application of the PJM adjustment. Also, the
56 amount of rework of Company programs is substantial in light of the perceived
57 customer benefits.

58 **IV. MONTHLY UPDATES AND CUSTOMER DECISION WINDOW**

59 **(RESPONSE TO CILCO WITNESS MUNSON AND UNICOM WITNESS**

60 **BRAUN)**

61 8. Q. Do you agree with Ms. Munson's and Mr. Braun's assertion that customers and
62 ARES are not given sufficient time to respond to the published market values and
63 transition charges?

64 A. No, I do not agree. IP will publish Market Values and Group TC's by the 8th business
65 day of the month. This information along with customer specific TC's will be
66 available on IP's website by the 8th business day of the month as well. Customers

67 must submit a Direct Access Service Request ("DASR") no later than 7 calendar days
68 prior to their next scheduled meter read date. Ms. Munson's specific example (of a
69 customer in Bill Cycle 2 with a meter read date on the first of the month (based on
70 the year 2000)), is extreme but proves my point: this customer would have a
71 minimum of 8 and maximum of 16 days to examine the market values and TC's,
72 make final switching decisions and still meet the minimum DASR time requirements.

73 9. Q. Do you agree with Mr. Braun that the "compressed decision window" would cause
74 marketing activities to be compressed into a one to two week window?

75 A. No, I do not agree. First, Illinois Power Company has 21 billing cycles during the
76 month. Therefore, only a small subset of IP's customers is in any particular billing
77 cycle. Also, even though exact numbers may not be known until the 8th business day
78 of the month, customers and ARES can follow the trends and be ready to make
79 decisions once the final values are published. This situation is no different than the
80 mortgage rates that are published for consumers. From my personal experience,
81 following mortgage rate trends and being able to exercise my option rather quickly
82 once the final mortgage rates were published proved to be a fairly easy and effective
83 strategy.

84 **V. RIDER PPO NOTIFICATION REQUIREMENTS (RESPONSE TO NICOR**

85 **WITNESS BAILEY AND IIEC WITNESS STEPHENS**

86 10. Q. Do you agree with Mr. Bailey and Mr. Stephens that it might be difficult for a
87 customer to sign-up for PPO without knowing the applicable pricing?

88 A. Somewhat. I would agree that a customer would want to know its TC and market

89 values prior to locking in a service such as PPO. Illinois Power requires a 30-day
90 notification from customers prior to receiving PPO service. Under IP's MVI filing,
91 market values and TC's will be known on the 8th business day of the month.
92 Customers with meter reads at the beginning of the month would have to submit PPO
93 notification prior to the 8th business day of the month before market values and TC's
94 are known. However, if customers gave a 30-day notice to take PPO, they could
95 cancel the request within 5 business days of activation. Nonetheless, in order to
96 alleviate any concerns regarding PPO notice, Illinois Power is willing to modify the
97 30-day PPO requirement to be the lesser of either 30 days or the length of time
98 between the 10th business day of a month and the scheduled meter read date for the
99 next calendar month.

100 **VI. INITIAL IMPLEMENTATION (RESPONSE TO IIEC WITNESS STEPHENS)**

- 101 11. Q. Do you have any comments with regard to Mr. Stephens' understanding of how
102 IP is approaching the initial implementation of Rider MVI?
- 103 A. Yes. As Mr. Stephens indicates, IP is currently considering an approach that
104 would use the 2000 NFF market values until the customer's anniversary date, at
105 which point they would convert to the market value index. This is still correct,
106 however, if a customer's first anniversary date following implementation of Rider
107 MVI is on or after January 1, 2002, the Company will reset that customer's TC on
108 January 1, 2002 using the values from Rider MVI and will recalculate the TC's
109 again on their actual first anniversary date in 2002. This clarification will prevent
110 any gap in the application of Rider MVI if the NFF process is eliminated

altogether for 2002.

VII. VERIFICATION OF CLASS SPECIFIC LOAD WEIGHTED MARKET VALUES

(RESPONSE TO STAFF WITNESS ZURASKI)

12. Q. Do you agree with Mr. Zuraski that he found discrepancies between his calculations and IP's calculations of class-specific market values?

A. Yes. I agree with Mr. Zuraski's statement that a discrepancy was discovered. Illinois Power is in the process of remedying this situation and will be filing a correction with the Illinois Commerce Commission in the very near term.

VIII. ICC STAFF EXHIBIT 3.1 SCHEDULE 14

13. Q. Have you reviewed ICC Staff Exhibit 3.1 Schedule 14: Illinois Power Company's Annualized Market Values for Various Load Profiles?

A. Yes, I have reviewed this exhibit and have discovered that while the Distribution losses and the T & D losses at the transmission level are correct, the cumulative T&D losses for the distribution level voltages are misstated. The correct values are 1) 2.4 kV—8.71%, 2) 12.47 kV—6.53%, and 3) 34.5 kV—3.66%.

14. Q. Can you explain why Mr. Zuraski's exhibit misstates the cumulative T & D loss factors for customers below 69 kV?

A. I believe that the differences exist because of the language in SC 110, Section 11(b), Energy Losses. The tariff states that losses are determined by summing the losses determined through the Loss Compensation Service of Utility's Open Access Transmission Service and the losses set forth at the various delivery voltages as

132 stated in the Tariff. It appears that Mr. Zuraski added the transmission losses to the
133 distribution losses to obtain his total loss for the system.

134 15. Q. Does summing the two loss factors achieve the cumulative loss adjustments identified
135 in Illinois Power's loss compensation study in Docket No. 99-0120/99-0134?

136 A. No. For customers with delivery voltages below 69 kV, summing the two losses does
137 not achieve the cumulative losses as identified in Illinois Power's Delivery Services
138 Tariff Case. The correct method is to take the market value and multiply by one plus
139 the transmission loss factor and then take that result and multiply by one plus the
140 appropriate delivery voltage level loss factor as specified in SC 110.

141 16. Q. Does Illinois Power plan to revise the language in SC 110 to make this process more
142 clear?

143 A. Yes. Illinois Power would be willing to change the language in order to clarify the
144 methodology currently employed.

145 17. Q. Does this conclude your prepared rebuttal testimony?

146 A. Yes, it does.